

**CALCASIEU PARISH GRAVITY DRAINAGE
DISTRICT NO. 7 OF WARD 8
IOWA, LOUISIANA**

**ANNUAL FINANCIAL REPORT AND
INDEPENDENT AUDITORS' REPORTS**

Year Ended December 31, 2011

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date JUL 05 2012

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CALCASIEU PARISH GRAVITY DRAINAGE DISTRICT NO. 7 OF WARD 8

Management's Discussion and Analysis

Within this section of the Calcasieu Parish Gravity Drainage District No.7 of Ward 8 Louisiana's (District) annual financial report, the District's management is pleased to provide this narrative discussion and analysis of the financial activities of the District for the fiscal year ended December 31, 2011. The District's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

FINANCIAL HIGHLIGHTS

- The District's assets exceeded its liabilities by \$1,318,457 (net assets) for the fiscal year reported.
- Total revenues of \$433,722 exceeded total expenses of \$352,474, which resulted in a current year surplus of \$81,248, compared to a prior year surplus of \$39,957.
- Total net assets are comprised of the following:
 - (1) Capital assets of \$176,297 include property and equipment, net of accumulated depreciation. There is no outstanding debt related to the purchase or construction of capital assets.
 - (2) Unassigned net assets of \$1,142,160 represent the portion available to maintain the District's continuing obligations to taxpayers and creditors.
- At the end of the current fiscal year, unassigned net assets were 324% of total expenses and 263% of total revenues.
- Overall, the District continues to maintain a strong financial position and is continuing to work to improve on this financial position.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

OVERVIEW OF FINANCIAL STATEMENTS

This Management's Discussion and Analysis document introduces the District's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The District also includes in this report additional information to supplement the basic financial statements.

CALCASIEU PARISH GRAVITY DRAINAGE DISTRICT NO. 7 OF WARD 8

Management's Discussion and Analysis (Continued)

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the District's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Assets*. This is the government-wide statement of position presenting information that includes all of the District's assets and liabilities, with the difference reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other nonfinancial factors such as diversification of the taxpayer base, or the condition of District infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the District's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the District's distinct activities or functions on revenues provided by the District's taxpayers.

Both government-wide financial statements distinguish governmental activities of the District that are principally supported by tax and from activities that are intended to recover all or a significant portion of their costs through user fees and charges.

FUND FINANCIAL STATEMENTS

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The District uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the District's most significant funds rather than the District as a whole.

The District has one kind of fund:

Governmental fund is reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the District's governmental fund. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

CALCASIEU PARISH GRAVITY DRAINAGE DISTRICT NO. 7 OF WARD 8

Management's Discussion and Analysis (Continued)

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information concerning the District's budget presentations. Budgetary comparison statements are included as "required supplemental information." This schedule demonstrates compliance with the District's adopted and final revised budget.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the District as a whole.

The District's net assets at fiscal year-end are \$1,318,457. The following table provides a summary of the District's net assets:

Assets:	<u>2011</u>		<u>2010</u>	
Current assets	\$ 1,426,173	89%	\$ 1,298,499	85%
Capital assets, net	<u>176,297</u>	<u>11</u>	<u>222,807</u>	<u>15</u>
Total assets	<u>1,602,470</u>	<u>100%</u>	<u>1,521,306</u>	<u>100%</u>
Liabilities:				
Current liabilities	<u>284,013</u>	<u>100%</u>	<u>284,097</u>	<u>100%</u>
Net assets:				
Investment in capital assets	176,297	13%	222,807	18%
Unassigned	<u>1,142,160</u>	<u>87</u>	<u>1,014,402</u>	<u>82</u>
Total net assets	<u>\$ 1,318,457</u>	<u>100%</u>	<u>\$ 1,237,209</u>	<u>100%</u>

CALCASIEU PARISH GRAVITY DRAINAGE DISTRICT NO. 7 OF WARD 8

Management's Discussion and Analysis (Continued)

The District continues to maintain a high current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio is 5.0 to 1 (4.6 to 1 for 2010). Net assets increased by \$81,248 for the current year. Note that approximately 13% (18% for 2010) of the net assets are tied up in capital. The District uses these capital assets to provide services to its taxpayers.

The following table provides a summary of the District's changes in net assets:

Revenues:	<u>2011</u>		<u>2010</u>	
General:				
Property taxes, net	\$ 428,344	99%	\$ 386,385	99%
State revenue sharing	5,182	1	3,157	1
Interest	<u>196</u>	<u>-</u>	<u>845</u>	<u>-</u>
Total Revenues	<u>433,722</u>	<u>100%</u>	<u>390,387</u>	<u>100%</u>
Program expenses:				
General government	<u>352,474</u>		<u>350,430</u>	
Change in net assets	81,248		39,957	
Beginning net assets	<u>1,237,209</u>		<u>1,197,252</u>	
Ending net assets	<u>\$ 1,318,457</u>		<u>\$ 1,237,209</u>	

GOVERNMENTAL REVENUES

The District is heavily reliant on property taxes to support governmental operations. Property taxes provided 99% (99% for 2010) of the District's total revenues. As a result, the general economy and the local businesses have a major impact on the District's revenue streams.

BUDGETARY HIGHLIGHTS

The actual revenues were in excess of the final budget by \$31,722 or 8%, mainly due to ad valorem tax income, and the actual expenditures were short of the final budget by \$145,083 or 32%, mainly due to capital outlay, repairs and fuel.

CALCASIEU PARISH GRAVITY DRAINAGE DISTRICT NO. 7 OF WARD 8

Management's Discussion and Analysis (Continued)

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

The District's investment in capital assets, net of accumulated depreciation as of December 31, 2011, was \$176,297. See Note C for additional information about changes in capital assets during the fiscal year and outstanding at the end of the year. The following table provides a summary of capital asset activity.

	<u>2011</u>	<u>2010</u>
Depreciable assets:		
Equipment	\$ 513,683	\$ 513,683
Less accumulated depreciation	<u>337,386</u>	<u>290,876</u>
Book value-depreciable assets	<u>\$ 176,297</u>	<u>\$ 222,807</u>
Percentage depreciated	<u>66 %</u>	<u>57 %</u>

There were no additions for the year.

LONG-TERM DEBT

At the end of the fiscal year, the District had no debt.

ECONOMIC CONDITIONS AFFECTING THE DISTRICT

Since the primary revenue stream for the District is property taxes, the District's property tax revenues are subject to changes in the economy. Since property taxes are considered an "elastic" revenue stream, tax collections are higher in a flourishing economy and are lower in a depressed economy.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances, comply with finance-related laws and regulations, and demonstrate the District's commitment to public accountability. If you have any questions about this report or would like to request additional information, contact the District, P.O. Box 173, Iowa, LA 70647.



GRAGSON, CASIDAY & GUILLORY, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

June 18, 2012

Board of Directors
Calcasieu Parish Gravity Drainage District No. 7 of Ward 8
Iowa, Louisiana

We have audited the accompanying basic financial statements of the Calcasieu Parish Gravity Drainage District No. 7 of Ward 8, a component unit of the Calcasieu Parish Police Jury, as of and for the year ended December 31, 2011, as listed in the table of contents. These basic financial statements are the responsibility of the Calcasieu Parish Gravity Drainage District No. 7 of Ward 8's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Calcasieu Parish Gravity Drainage District No. 7 of Ward 8 as of December 31, 2011 and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2012 on our consideration of Calcasieu Parish Gravity Drainage District No. 7 of Ward 8's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion of the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 7 and 29 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Tragson, Casiday & Guillory

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

CALCASIEU PARISH GRAVITY DRAINAGE DISTRICT NO. 7 OF WARD 8

Statement of Net Assets

December 31, 2011

ASSETS

Cash	\$ 997,981
Receivables	428,192
Capital assets; net	<u>176,297</u>
Total assets	<u>1,602,470</u>

LIABILITIES

Accounts and other accrued payables	<u>284,013</u>
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NET ASSETS

Invested in capital assets	176,297
Unassigned	<u>1,142,160</u>
	<u><u>\$1,318,457</u></u>

The accompanying notes and accountants' report are an integral part of these financial
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CERTIFIED PUBLIC ACCOUNTANTS

CALCASIEU PARISH GRAVITY DRAINAGE DISTRICT NO. 7 OF WARD 8

Statement of Activities

Year Ended December 31, 2011

<u>Activities</u>	<u>Program Revenues</u>		<u>Net Revenues (Expenses) and Changes in Net Assets</u>	
	<u>Expenses</u>	<u>Charges for Services</u> <u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	
Governmental Activities:				
General government	\$ 352,474	\$ -	\$ (352,474)	
General Revenues:				
Property taxes, net				428,344
State revenue sharing				5,182
Interest				196
Total General Revenues				<u>433,722</u>
Change in Net Assets				<u>81,248</u>
Net Assets, beginning				<u>1,237,209</u>
Net Assets, ending				<u>\$ 1,318,457</u>

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The accompanying notes are an integral part of these financial statements.

FUND FINANCIAL STATEMENT

CALCASIEU PARISH GRAVITY DRAINAGE DISTRICT NO. 7 OF WARD 8

Balance Sheet - Governmental Fund

December 31, 2011

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash	\$ 997,981	\$ 882,487
Receivables		
Ad valorem taxes (net)	425,970	412,824
Interest	146	88
State revenue sharing	2,076	3,101
TOTAL ASSETS	<u><u>\$1,426,173</u></u>	<u><u>\$ 1,298,500</u></u>
 LIABILITIES AND FUND EQUITY		
Liabilities		
Accounts payable	\$ 7,574	\$ 7,658
Deferred revenues	276,439	276,439
	<u>284,013</u>	<u>284,097</u>
Fund Equity		
Fund balances		
Unassigned	<u>1,142,160</u>	<u>1,014,402</u>
 TOTAL LIABILITIES AND FUND EQUITY	<u><u>\$1,426,173</u></u>	<u><u>\$ 1,298,499</u></u>

The accompanying notes are an integral part of these financial statements.

CALCASIEU PARISH GRAVITY DRAINAGE DISTRICT NO. 7 OF WARD 8

**Reconciliation of the Balance Sheet-Governmental Fund to the
Statement of Net Assets**

December 31, 2011

Total fund balance for governmental fund at December 31, 2011:	\$ 1,142,160
Total net assets reported for governmental activities in the statement of net assets is different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consists of:	
Capital assets, net of \$337,386 accumulated depreciation	<u>176,297</u>
Total net assets of governmental activities at December 31, 2011	<u><u>\$ 1,318,457</u></u>

The accompanying notes are an integral part of these financial statements.

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CERTIFIED PUBLIC ACCOUNTANTS

CALCASIEU PARISH GRAVITY DRAINAGE DISTRICT NO. 7 OF WARD 8

**Statement of Revenues, Expenditures and
Changes in Fund Balance - Governmental Fund**

Year Ended December 31, 2011

	<u>2011</u>	<u>2010</u>
REVENUES		
Ad valorem taxes (net)	\$ 428,344	\$ 386,385
State revenue sharing	5,182	3,155
Interest	196	847
TOTAL REVENUES	<u>433,722</u>	<u>390,387</u>
EXPENDITURES		
General Government		
Advertisements	362	186
Auto	1,407	-
Bank charges	189	185
Chemicals	6,250	2,141
Fuel	25,574	18,793
Insurance-employees	29,462	27,198
Insurance-general	38,595	36,818
Miscellaneous	6,488	7,689
Per diem	5,900	5,900
Professional fees	14,000	13,700
Repairs	51,287	64,756
Salaries	107,556	103,840
Supplies	1,862	2,816
Taxes	9,705	8,680
Telephone	2,093	2,309
Uniforms	3,348	3,006
Utilities	1,886	2,024
Capital outlay	-	50,962
TOTAL EXPENDITURES	<u>305,964</u>	<u>351,003</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	127,758	39,384
FUND BALANCE - BEGINNING	<u>1,014,402</u>	<u>975,018</u>
FUND BALANCE - ENDING	<u><u>\$ 1,142,160</u></u>	<u><u>\$ 1,014,402</u></u>

The accompanying notes are an integral part of these financial statements.

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CALCASIEU PARISH GRAVITY DRAINAGE DISTRICT NO. 7 OF WARD 8

**Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balance-Governmental Fund to the Statement of Activities**

Year Ended December 31, 2011

Total net changes in fund balance at December 31, 2011 per Statement of Revenues, Expenditures and Changes in Fund Balance	\$ 127,758
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The change in net assets reported for governmental activities in the
in the Statement of Activities is different because:

Governmental funds report capital outlays as expenditures.
However, in the Statement of Activities, the cost of those
assets is allocated over their estimated useful lives and
reported as depreciation expense.

Capital outlay which is considered expenditures on the Statement of Revenues, Expenditures and Changes in Fund Balances	\$ -	
Depreciation expense for the year ended December 31, 2011	<u>(46,510)</u>	<u>(46,510)</u>

Total changes in net assets at December 31, 2011 per Statement of Activities	<u>\$ 81,248</u>
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The accompanying notes are an integral part of these financial statements.

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CERTIFIED PUBLIC ACCOUNTANTS

CALCASIEU PARISH GRAVITY DRAINAGE DISTRICT NO. 7 OF WARD 8

Notes to Basic Financial Statements

December 31, 2011

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Calcasieu Gravity Drainage District No.7 of Ward 8 was created by the Calcasieu Parish Police Jury. The District is governed by a board of five commissioners who are appointed by the Calcasieu Parish Police Jury. The District establishes regulations governing the opening and maintaining all natural drains in the District.

The more significant of the government's accounting policies are described below.

1. Reporting Entity

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes, in conformance with GASB Statement No. 14, the Calcasieu Parish Gravity Drainage District No.7 of Ward 8 includes all funds, account groups, et cetera, that are within the oversight responsibility of the Calcasieu Parish Gravity Drainage District No.7 of Ward 8.

As the governing authority, for reporting purposes, the Calcasieu Parish Police Jury is the financial reporting entity. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Calcasieu Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting

Continued

CALCASIEU PARISH GRAVITY DRAINAGE DISTRICT NO. 7 OF WARD 8

Notes to Basic Financial Statements

December 31, 2011

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body and
 - a. The ability of the Calcasieu Parish Police Jury to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Calcasieu Parish Police Jury.
2. Organizations for which the Calcasieu Parish Police Jury does not appoint a voting majority but are fiscally dependent on the Calcasieu Parish Police Jury.
3. Organizations for which the reporting entity financial statements could be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based upon the application of these criteria, Calcasieu Parish Gravity Drainage No.7 of Ward 8 is a component unit of the Calcasieu Parish Police Jury's reporting entity.

2. Basis of Presentation

The accompanying basic financial statements of the District have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments", issued in June 1999.

Government-Wide Financial Statements

The Statement of Net Assets and the Statement of Activities display information about the District as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

Continued

CALCASIEU PARISH GRAVITY DRAINAGE DISTRICT NO. 7 OF WARD 8

Notes to Basic Financial Statements

December 31, 2011

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The statement of activities presents a comparison between direct expenses and program revenues for each of the functions of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

Program revenues include (a) fees and charges paid by the recipients of services offered by the District; and (b) grants and contributions that are restricted to meeting the operational or capital requirement of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The District uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

The District has one fund, the general fund, which is therefore considered its major fund.

3. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide statement of net assets and the statement of activities, the activities are presented using the economic resources measurement focus. In the fund financial statements, the "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Continued

CALCASIEU PARISH GRAVITY DRAINAGE DISTRICT NO. 7 OF WARD 8

Notes to Basic Financial Statements

December 31, 2011

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Basis of Accounting

In the government-wide statement of net assets and statement of activities, the activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting.

4. Cash

Cash includes amounts in demand deposits and time deposits with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. At December 31, 2011, the District had \$1,000,389 in deposits (collected bank balances), of which \$798,224 were secured from risk by federal deposit insurance and \$202,165 secured by safekeeping receipts.

Continued

CALCASIEU PARISH GRAVITY DRAINAGE DISTRICT NO. 7 OF WARD 8

Notes to Basic Financial Statements

December 31, 2011

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

5. Budgets

A budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at fiscal year end.

On or before the last meeting of each year, the budget is prepared by function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

The proposed budget is presented to the government's Board of Directors for review. The board holds a public hearing and may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated.

Expenditures may not legally exceed budgeted appropriations at the activity level.

6. Accounts Receivable

Uncollectible amounts due for ad valorem taxes and other receivables of governmental funds are recognized as bad debts at the time information becomes available which would indicate that the particular receivable is not collectible.

7. Capital Assets

Capital assets, which include property, plant and equipment are reported in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets.

Continued

CALCASIEU PARISH GRAVITY DRAINAGE DISTRICT NO. 7 OF WARD 8

Notes to Basic Financial Statements

December 31, 2011

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Equipment	6-39 years
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In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the government fund upon acquisition.

8. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the general long-term debt account group. No expenditure is reported for these amounts. In accordance with the provisions of Statement of Financial Accounting Standards No. 43, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement. At December 31, 2011 the District's liability for compensated absences is \$0.

9. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Continued

CALCASIEU PARISH GRAVITY DRAINAGE DISTRICT NO. 7 OF WARD 8

Notes to Basic Financial Statements

December 31, 2011

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

10. Equity Classification

In the government-wide statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unassigned net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified as assigned and unassigned.

11. Subsequent Events

Management has evaluated subsequent events through June 18, 2012, the date the financial statements were available to be issued.

12. Comparative Data

Comparative totals for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the government's financial position and operations.

CALCASIEU PARISH GRAVITY DRAINAGE DISTRICT NO. 7 OF WARD 8

Notes to Basic Financial Statements

December 31, 2011

NOTE B - AD VALOREM TAXES

For the years ended December 31, 2011, taxes were levied on property with taxable assessed valuations as follows:

Assessed valuation	\$ 35,066,242
Millage – maintenance #1	9.54
Millage – maintenance # 2	3.00

Property tax millage rates are adopted in July for the calendar year in which the taxes are levied and recorded. All taxes are due and collectible when the assessment rolls are filed on or before November 15th of the current year, and become delinquent after December 31st. Property taxes not paid by the end of February are subject to lien.

NOTE C - CAPITAL ASSETS

A summary of changes in capital assets for the year ended December 31, 2011 follows:

	<u>Beginning Of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>End of Year</u>
Governmental activities:				
Equipment	\$ 513,683	\$ -	\$ -	\$ 513,683
Less accumulated depreciation for:				
Equipment	<u>290,876</u>	<u>46,510</u>	<u>-</u>	<u>337,386</u>
Governmental activities				
Capital assets, net	<u>\$ 222,807</u>	<u>\$ (46,510)</u>	<u>\$ -</u>	<u>\$ 176,297</u>

CALCASIEU PARISH GRAVITY DRAINAGE DISTRICT NO. 7 OF WARD 8

Notes to Basic Financial Statements

December 31, 2011

NOTE D - PER DIEM

Per diem paid commissioners for the year ended December 31, 2011 were as follows:

Dunbard, Terry	\$ 800
Lebleu, L.J.	1,200
Leger, Clinton	1,500
Petticrew, Wayne	1,200
Rougeau, Melvin	<u>1,200</u>
	<u>\$ 5,900</u>

NOTE E - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

REQUIRED SUPPLEMENTAL INFORMATION

CALCASIEU PARISH GRAVITY DRAINAGE DISTRICT NO. 7 OF WARD 8

Budgetary Comparison Schedule - General Fund

Year Ended December 31, 2011

	<u>BUDGET</u>		<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
Ad valorem taxes (net)	\$ 356,000	\$ 400,000	\$ 428,344	\$ 28,344
State revenue sharing	-	-	5,182	5,182
Interest	<u>6,000</u>	<u>2,000</u>	<u>196</u>	<u>(1,804)</u>
TOTAL REVENUES	<u>362,000</u>	<u>402,000</u>	<u>433,722</u>	<u>31,722</u>
EXPENDITURES				
General Government				
Advertisements	-	-	362	(362)
Auto	-	-	1,407	(1,407)
Bank charges	-	-	189	(189)
Chemicals	10,000	11,800	6,250	5,550
Fuel	33,500	38,600	25,574	13,026
Insurance-employees	29,437	29,437	29,462	(25)
Insurance-general	33,563	38,563	38,595	(32)
Miscellaneous	2,700	2,700	6,488	(3,788)
Per diem	7,500	7,500	5,900	1,600
Professional fees	13,000	13,000	14,000	(1,000)
Repairs	37,800	66,500	51,287	15,213
Salaries	112,000	118,000	107,556	10,444
Supplies	847	847	1,862	(1,015)
Taxes	9,100	9,100	9,705	(605)
Telephone	4,120	3,000	2,093	907
Uniforms	4,000	4,000	3,348	652
Utilities	3,000	3,000	1,886	1,114
Capital outlay	<u>60,000</u>	<u>105,000</u>	<u>-</u>	<u>105,000</u>
TOTAL EXPENDITURES	<u>360,567</u>	<u>451,047</u>	<u>305,964</u>	<u>145,083</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,433	(49,047)	127,758	176,805
FUND BALANCE - BEGINNING	<u>1,014,402</u>	<u>1,014,402</u>	<u>1,014,402</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$1,015,835</u>	<u>\$ 965,355</u>	<u>\$1,142,160</u>	<u>\$ 176,805</u>



GRAGSON, CASIDAY & GUILLORY, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

W. GEORGE GRAGSON, C.P.A.
RICHARD W. CASIDAY, C.P.A.
RAYMOND GUILLORY, JR., C.P.A.
GRAHAM A. PORTUS, E.A.
COY T. VINCENT, C.P.A.
MICHELLE LEE, C.P.A.
BRADLEY J. CASIDAY, C.P.A., C.V.A.
JULIA W. PORTUS, C.P.A.
KATHRYN BLESSINGTON, C.P.A.
JACKLYN BRANEFF, C.P.A.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

June 18, 2012

Board of Directors
Calcasieu Parish Gravity Drainage District No. 7 of Ward 8
Iowa, Louisiana

We have audited the financial statements of the Calcasieu Parish Gravity Drainage District No. 7 of Ward 8, a component unit of the Calcasieu Parish Police Jury, as of and for the year ended December 31, 2011, and have issued our report thereon dated June 18, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Calcasieu Parish Gravity Drainage District No. 7 of Ward 8's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying

schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Calcasieu Parish Gravity Drainage District No. 7 of Ward 8's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance and other matters with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Calcasieu Parish Gravity Drainage District No. 7 of Ward 8's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Calcasieu Parish Gravity Drainage District No. 7 of Ward 8's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management and the Board of Directors and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:516, this report is distributed by the Legislative Auditor as a public document.

Gragson, Casiday & Guillory

CALCASIEU PARISH GRAVITY DRAINAGE DISTRICT NO. 7 OF WARD 8

Schedule of Findings and Questioned Costs

December 31, 2011

1. Summary of Auditors' Results:

Type of auditors' opinion issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified?	<u> </u> yes	<u> x </u> no
Control Deficiency(s) identified that are not considered to be material weakness(es)?	<u> x </u> yes	<u> </u> none reported
Noncompliance material to financial statements noted?	<u> </u> yes	<u> x </u> no

2. Findings Relating to the Financial Statements Which Are Required to be Reported in Accordance with Generally Accepted Governmental Auditing Standards

Finding #2011-1:

Inadequate Segregation of Duties

Condition: Because of the small size of the District's office staff, the opportunity for segregation of duties is limited. Effective internal control requires adequate segregation of duties among entity personnel.

Effect: Without proper segregation of duties, misstatements in amounts may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Recommendation: To the extent cost effective, duties should be segregated and management should attempt to mitigate this weakness by supervision and review procedures.

Corrective Action Planned: Management has responded that it does not believe that it is cost effective to employ adequate personnel to achieve appropriate segregation of duties. Management has implemented supervision and review procedures such as review and approval of supporting documents related to expenditures, review listings of revenue received and review of bank reconciliations on a monthly basis.

CALCASIEU PARISH GRAVITY DRAINAGE DISTRICT NO. 7 OF WARD 8

Schedule of Findings and Questioned Costs - Continued

December 31, 2011

3. Findings and Questioned Costs for Federal Awards

N/A

4. Prior Year Findings

Finding 2010-01: Proper segregation of duties for effective internal controls is not in place.

Corrective Actions Taken – None, a repeat finding in 2011.